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SUBJECT: THEY STARTED IT: WORLD AIRWAYS AND RITETIME
TRADE ACCUSATIONS

REF: LAGOS 83

11. (U) Summary: World Airways and Ritetime Aviation and Travel Service executives called on Mission personnel February 9 and 10, respectively. Both groups related the series of events leading to World's December 2003 decision to suspend its scheduled charter flights between the United States and Nigeria. Their accounts differ wildly. Mission personnel recommended that the two sides meet to discuss their differences, but reconciliation does not seem likely, particularly with heavily damaged reputations and anywhere from \$1.3 to \$2 million at stake. Not surprisingly, the 75 passengers still holding tickets for February and March World Airways flights will have to make alternate travel arrangements. End summary.

12. (U) World Airways executives say the company's booking agent, Ritetime Aviation and Travel Service, owes the company nearly \$2 million in back payments. This, they say, was the major reason behind the airline's December 2003 decision to suspend all flights between the United States and Nigeria. Ritetime's late payments reached such high levels in late 2003 that despite bank assurances that the payments would be made (note: the airline's managers now believe some of these letters were forged), World executives deemed the company's financial exposure too great to continue flying. World says it delivered a notice of cancellation to Ritetime on December 15 and refused to fly beyond the December 31 expiration of the firms' contract. Company executives understood this would leave hundreds of passengers stranded, but they decided they could not continue operating without being paid. They claim they had no control over Ritetime's ticket sales and had no way of knowing how many people would be affected by the cancellations. They admit having made regrettable business decisions, but they lay much of the blame for the companies' fall-out at Ritetime's feet.

13. (U) Ritetime's account differs wildly. Company executives admit owing World only \$1.3 million and say they explained several times that the idiosyncrasies of the Nigerian financial system (namely, that all payments are made in cash) would necessarily make payments late. Ritetime executives also take issue with World's use of funds, particularly where catering services and the handling of excess baggage are concerned. They object to World's decision to provide an MD-11 freighter to carry December travelers' extra bags to Nigeria, saying the company could have saved money by putting the bags on future flights. World executives, for their part, say this would have taken much too long and insist they had no control over the amount of extra baggage accepted by Ritetime when passengers checked in. Ritetime managers believe World was solely responsible for transporting passengers and bags.

14. (U) Ritetime executives say they regret having left people stranded in December and January, but they put the blame squarely on World's shoulders, claiming their contract expired not on December 31 but on January 31. Ritetime executives also say the two firms agreed in late 2003 to extend their contract to November 30, 2004, something World did not mention. World executives said, however, that they believed the contract's third page had been substituted since Nigerian Central Bank officials reported a bank account in World Airways' name that company executives knew nothing about. World executives expected to discuss the matter with bank officials this week.

15. (U) Surprisingly, Ritetime executives believe they may be able to reconcile with World and resume operations later this year, perhaps as early as March. They expressed dismay at their counterparts' refusal to talk, saying repeatedly they believed they could reach an agreement if World would come to the negotiating table.

16. (U) World executives show no signs of accommodation. They have no desire, they say, to continue working with Ritetime, and they plan to take legal action to recover their money. In the meantime, World is looking for a new booking agent. Executives say they hope to re-enter the market later this year, perhaps as early as June. Next time, they say, they will present a position paper to GON officials, enlist the support of the Nigerian Civil Aviation Authority (NCAA), and handle passengers' reservations themselves. World executives say a Monday morning meeting with NCAA officials went well, and they expect to have the GON's support if they decide to resume operations in Nigeria.

17. (U) Comment: Both firms' reputations were heavily damaged by World's decision to suspend operations. Hundreds of passengers were left stranded in the U.S. and Nigeria, a fiasco that was widely covered by the media on both sides of the Atlantic. Most returned home in mid-January, but a handful, mostly people who were unaware of World's cancellations, remain in Lagos. Both World and Ritetime executives say they are working to refund the passengers' money or make alternate travel arrangements. Given the companies' damaged reputations, World's financial losses, and the latter's animosity toward Ritetime, reconciliation is a pipe dream. Mission personnel urged the two sides to meet, but it seems unlikely that World will agree. Their next meeting will probably be in court. End comment.

HINSON-JONES